



November 14, 1977

Admiral Stansfield Turner  
Director  
Central Intelligence Agency  
Washington, D. C.

Dear Stan:

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When the Military Economic Advisory Panel met with you in August, you asked that we look more closely at the [redacted] and advise you regarding its appropriate place within the Intelligence Community and on possible ways to increase the productivity of overt collection in today's environment. The Panel's report is attached. It is not a long report and contains, at the outset, a summary of key points which I won't try to summarize further in this transmittal letter.

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The Panel meeting in mid-October was called largely to permit the Panel to formulate its collective views on [redacted] issues. This followed the individual Panel members' enquiries and discussions at Headquarters Building

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[redacted]  
[redacted] We also took advantage of the meeting,

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however, to review progress on some of the broader research management issues covered in our August Report to you. We met with Bob Bowie, Sayre Stevens, and Dick Lehman to discuss various aspects of ruble-dollar measurements and military-economic comparisons, and we had individual briefings on research planning priorities within OSR, OER, and ORPA. We will report more fully on these items in our annual report following the next Panel meeting in April or May of 1978. However, I do want to pass on to you a few impressions that the Panel developed as a result of these meetings.

Overall, the Panel concluded this session with a generally positive feeling about the potential inherent in the new organizational arrangements being built within the NFAC. The Production Offices we heard from are pursuing some extremely interesting and important topics on Soviet resource uses for military and other purposes and on decision processes and organizational arrangements within which the USSR carries out its programs. Individually, the Production Offices seem to be advancing into new analytical fields. The NIO system -- now more closely joined to basic research within the NFAC -- can be an important catalyst for improved inter-office collaboration on the tougher methodological issues that cut across disciplinary

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lines and organizational boundaries built into the previous production office structure.

We were, with minor exceptions, generally encouraged by the briefings we had on the research programs planned for the coming year. In particular:

- In OSR, some interesting projects are planned to extend the usefulness of the military-costing data in relation to Soviet decision patterns and to projections of Soviet military programs. Research for data base improvement and for supplementary measures of Soviet military outlays is also continuing, an effort which we heartily applaud.
- The economic modeling work being done within the Development Analysis Center in OER was of particular interest to the Panel. We see progress being made and we urge that military-economic data by sector of origin, derived from OSR's SCAM model be developed for use within the OER models.
- The Director of ORPA briefed the Panel for the first time, and we learned of research he has underway on Soviet political processes as they might affect economic and military developments. Because the Panel has some questions about this work, we intend to ask for progress briefings on these analyses at our next meeting, at which time we hope to have  present as well.
- We were also briefed on the increased management support being given to the analysis of Soviet science policy, resources, and R&D. OSR and OER support for this effort is heartening, but the analytical inputs from the other production offices -- particularly OSI and OWI -- still seems marginal, given the high priority this Panel places on the subject. The Panel has not, however, been briefed on the internal research being done within OWI and OSI on Soviet

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science and technology which might spin off materials of considerable value to [redacted] We understand that OSI is planning to increase the exploitation of open source literature on S&T subjects, an effort of potential value in evaluating US/Soviet competition in science. (We must also note that [redacted] does not have on his team, at present, an analyst with Russian language capability -- a revelation which frankly we don't understand.) We hope that discussions with the Directors of OWI and OSI can be scheduled for our next Panel meeting and that, if possible, the Chairman of the DCI's S&T Advisory Panel [redacted] might be present.

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In sum, the October Panel meeting, though short, was most encouraging from a substantive point of view. We look forward to hearing about the progress of the NFAC at the next Panel meeting. And, we hope our comments in the attached report on domestic collections will be of value to you.

Warm regards,

[redacted]

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Chairman  
Military Economic Advisory Panel

Attachment

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Next 18 Page(s) In Document Exempt

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Letter to DCI from [redacted]  
Report to the DCI [redacted]

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OSR/MEAC: [redacted] (17 Nov 1977)

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Remarks: DDO has formed a group to review and comment to the DCI thru the ADDCI on the attached. Since there are Community implications regarding the organizational options suggested, please comment to the DCI in coordination with the DDO. NFAC, DCI, and DDCI have copies.

D/ Executive Secretary  
23 November 1977

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### Remarks:

TO 4: For review and comment to DCI through ADDCI

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D/ Executive Secretary

16 Nov 77

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